

MICROSOFT DYNAMICS GP

FIXED ASSETS YEAR-END CLOSING PROCEDURES

Use the procedure described in this document to close the year for Fixed Assets Management and prepare your fixed assets records for the new fiscal year.

Closing a year will perform the following functions:

- Increase the current fiscal year by one year for each book that is being closed.
- Copy Cost Basis to Begin Cost, Life-to-Date Depreciation Amount to Begin Reserve, Quantity to Begin Quantity and Salvage to Begin Salvage.
- Update the YTD Depreciation Amount and YTD Maintenance Amounts to zero.

When Should Fixed Assets be Closed?

- This module is the last subsidiary that should be closed before closing GL.
- This module should be closed before performing the GL Year-End closing procedure.
- The year-end routine can be run at a separate time for each Fixed Assets book or it can be run for all books at the same time.
- This routine should be completed before running any Fixed Assets processing for the new year.
- Other considerations:
 - ♦ There are no reports generated during the closing process.
 - ♦ Closing Fixed Assets is only necessary at fiscal year-end. There is no calendar year-end closing.

Steps to Perform A Year-End Close

1. Complete year-end processing for all other modules, except General Ledger.
2. Enter all Fixed Assets transactions for the current fiscal year.
3. Depreciate all assets through the end of the current fiscal year.
4. Perform the GL Posting (GL Interface) process (optional).
5. Run year-end reports you want to keep as a permanent record.
6. Verify the Fixed Assets calendar is built correctly (optional).
7. Verify the fiscal quarters are correct for all fiscal years.
8. Create a backup.
9. Perform the Fixed Assets Year-End Closing procedure.

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FIXED ASSETS YEAR-END CLOSING CHECKLIST

Step 1: Complete Year-End Processing for All Modules, Except GL

By performing the fiscal year-end closing procedures on all modules, except General Ledger, you will guarantee that all the outstanding Fixed Assets transactions are capitalized.

Step 2: Enter All Fixed Assets Transactions for the Current Fiscal Year

Post all the additions, changes, transfers and retirements for the current fiscal year. Transfers and undo retirement transactions should **never** be performed in a historical year.

Step 3: Depreciate Assets Through the End of the Current Fiscal Year

All fixed assets should be depreciated through the last day of the current fiscal year.

- Open the Depreciation window: Microsoft Dynamics GP button >> Tools >> Routines >> Fixed Assets >> Depreciate
- Enter the last day of the current fiscal year in the **Depreciation Target Date** box.
- Insert the appropriate Fixed Assets books and click the **Depreciate** button.

Note: It is very important to depreciate all assets through the last day of the current fiscal year. If the assets are not depreciated prior to closing the Fixed Assets module, depreciation amounts will be incorrect.

Step 4: Perform the GL Posting (GL Interface) Process (optional)

Creating the GL Interface is done through the Fixed Assets GL Posting window.

- Open the Fixed Assets GL Posting window: Microsoft Dynamics GP button >> Tools >> Routines >> Fixed Assets >> GL Posting
- In the **Posting Date** box, type the last day of the current fiscal year or type the date you need the posting to affect the General Ledger.
- Select the range of periods that you would like to post transactions for and click **Insert**.
- Click **Process**.
- Review the transactions and make adjustments to the accounts as necessary.
- Click **Post**.
- Select the appropriate report destination. You may want to keep this report as part of the year-end reports.

Note: Once you post the transactions within the Fixed Assets General Ledger Posting window, a batch is created within the financial batches screen for you to review and modify, then post.

Also, within the GL Posting window, you cannot delete line items from this window or modify the values. If there are additional lines you do not want to post or the values are incorrect, click **Delete**, make the appropriate adjustments to the filter and repeat the process again, or make the appropriate adjustments to the assets.

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Step 5: Run Year-End Reports You Want to Keep as a Permanent Record

The year-to-date depreciation amounts for previous fiscal years are not kept in Fixed Assets Management. Therefore, you must print any reports that contain this information before you close the year. Suggested reports include:

- Annual Activity Report:
Reports >> Fixed Assets >> Activity
- Addition Report:
Reports >> Fixed Assets >> Transactions >> Additions
- Retirement Report:
Reports >> Fixed Assets >> Transactions >> Retirements
- Transfer Report:
Reports >> Fixed Assets >> Transactions >> Transfers
- Depreciation Ledger:
Reports >> Fixed Assets >> Transactions >> Depreciation Ledger
- Property Ledger:
Reports >> Fixed Assets >> Transactions >> Property Ledger
- Fixed Assets to General Ledger Reconciliations:
Reports >> Fixed Assets >> Activity >> Fixed Assets to General Ledger Reconciliation

Note: *The Book to Book Reconciliation and Book to Book YTD Depreciation Comparison reports are available for comparing any two Fixed Assets books. There are over 25 standard reports that may be run.*

Step 6: Verify the Fixed Assets Calendar is Built Correctly (optional)

- Open the Build Fixed Assets Fiscal Calendar Window: Microsoft Dynamics GP button >> Tools >> Utilities >> Fixed Assets >> Build Calendar
- Click **Inquiry**, then click **Verify**.
- When prompted to verify the periods, click **OK**.
- Select the appropriate report destination.

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Step 7: Verify the Fiscal Quarters Are Correct for All Fiscal Years

- Open the Quarter Setup Window: Microsoft Dynamics GP button >> Tools >> Setup >> Fixed Assets >> Quarter
- Verify that the following boxes are NOT empty. These dates must exist for each quarter. If any box is empty, type the appropriate date in the box.
 - ◆ Start Date
 - ◆ Mid Date
 - ◆ End Date

Step 8: Create a Backup

This backup should be stored off-site together with the rest of the year-end documentation. This backup gives you a permanent record of the company's financial position at the end of the year. Additionally, this backup can be restored later if it is required. Making a backup guarantees that you can quickly recover if a power fluctuation or other problem occurs during the year-end closing procedures.

Step 9: Perform the Fixed Assets Year-End Closing Procedure

- Open the Year-End Closing Window: Microsoft Dynamics GP button >> Tools >> Routines >> Fixed Assets >> Year-End
- Verify the fiscal year that is displayed for each book. The fiscal year is the year that you are closing. If it is not correct, go into the Book Setup and correct the current fiscal year. Microsoft Dynamics GP >> Tools >> Routines >> Fixed Assets >> Book
- Click a book that you want to close and click the **Insert** button. Repeat this step until all books you wish to close have been inserted into the list.
- Click **Continue**. Reports are not generated as part of the year-end closing process.

MICROSOFT DYNAMICS GP FIXED ASSETS YEAR-END FAQ

Q: The fiscal year that is displayed for my book in the Asset Year End window is not the year I want to close. I closed the year displayed last year, and I have not yet closed the current year. What should I do?

A: If no activity, such as additions, changes, transfers, retirements or depreciation, has been run for the new year, the **Current Fiscal Year** field in the Book Setup window can be changed back to the previous year, and then the year-end closing routine can be processed.

If any activity, such as additions, changes, transfers, retirements, or depreciation, has been run for the new year, restore the data from a backup and then continue with the year-end closing routine.

In either situation, the year-end closing routine must be run. If the year-end closing routine is not completed, the amount in the **YTD Depreciation** field will be overstated on any report that includes assets that were retired or that were fully depreciated in the previous year. If the year-end closing routine is not performed, the amounts in the **YTD Depreciation** field will not be cleared. The amounts in the **YTD Depreciation** field will not be zeroed out. Therefore, these amounts will be incorrectly included in the reports for the new year.

Q: I have closed General Ledger in Microsoft Dynamics GP, and I now realize that I have not yet closed Fixed Assets Management. Can I perform the Fixed Assets year-end closing routine at this point?

A: We recommend that you close General Ledger last, after all the subsidiary modules have been closed. However, Fixed Assets Management can be closed after General Ledger is closed. The GL Posting (GL Interface) process can be performed, and then the transaction or transactions can be posted to the closed year or to the historical year in the General Ledger.

To post transactions to the historical year in the General Ledger, make sure that the following options are selected in the General Ledger Setup window:

- Allow Posting to History
- Maintain History Transactions
- Maintain History Accounts
- Make sure the Fiscal Period is open

The posted transaction will update the historical year, and it will roll forward as a beginning balance to the open year. If any expense accounts or any revenue accounts were included in the transaction, they will automatically close out to the Retained Earnings account or accounts.

MICROSOFT DYNAMICS GP FIXED ASSETS YEAR-END FAQ

Q: Instead of completing the year-end routine for Fixed Assets Management, I manually changed the **Current Fiscal Year** field in the Book Setup window to the next year. Do I have to go back and run the year-end closing routine, or can I continue to process activity in Fixed Assets Management for the new year?

A: If no activity, such as additions, changes, transfers, retirements, or depreciation, has been run for the new year, the **Current Fiscal Year** field in the Book Setup window can be changed back to the previous year, and then the year-end closing routine can be processed.

If any activity, such as additions, changes, transfers, retirements, or depreciation, has been run for the new year, restore the data from a backup, and then continue with the year-end closing routine.

In either situation, the year-end closing routine must be run. If the year-end closing routine is not completed, the amount in the **YTD Depreciation** field will be overstated on any report that includes assets that were retired or that were fully depreciated in the previous year. If the year-end closing routine is not performed, the amounts in the **YTD Depreciation** field will not be cleared. The amounts in the **YTD Depreciation** field will not be zeroed out. Therefore, these amounts will be incorrectly included in the reports for the new year.

Q: I ran the year-end routine in Fixed Assets Management, and then I ran depreciation in the new year. I see that the depreciation is highly overstated and that some assets have a negative number in the **Net Book Value** field. Why is the system calculating so much depreciation?

A: This problem occurs if the following conditions are true:

- The year was closed.
- The assets were not depreciated through the last day of the fiscal year.

Consider the following example:

- The fiscal year is a calendar year (January 1st through December 31st).
- The assets were depreciated through December 28th when the year was closed.

In this example, depreciation will be incorrect the next time depreciation is run. The system does not recalculate the yearly rate when the year-end closing routine is performed. Therefore, fixed assets take a full year of depreciation in the last few days that remain in the previous year (December 29 through December 31). The rate of depreciation is the yearly rate currently on each asset. Additionally, if there are assets that are near the end of their original life, the **Net Book Value** field may become negative.

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There are two workarounds for this problem:

- **Recommended workaround** - Restore the data from a backup, run depreciation through the last day of the year and then perform the year-end closing procedures.
- **Alternative workaround** - Reset life on all the assets.

Note: *If amounts on the assets have ever been entered for the **YTD Depreciation** field or for the **LTD Depreciation** field, resetting life on the assets will change these amounts and the result may be different. If you change the **YTD Depreciation** field or the **LTD Depreciation** field by resetting life on the asset, you will cause inconsistencies between Fixed Assets Management and General Ledger. These inconsistencies must be explained.*